

CZECHOSLOVAK INTELLECTUAL ENVIRONMENT AFTER THE SECOND WORLD WAR

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Abstract

The paper focuses on the consequences of the Munich agreement in Czechoslovakia. We offer a new perspective how to understand the consequences of the Munich crisis and the subsequent war since we do not focus on the changes of the “real” economic and political system, but on the changes in economic-political thought. Using theoretical approach, we are able to analyse long-term consequences of the Munich agreement, not only the direct impact. The most significant changes in post-war thought were the new international orientation of Czechoslovakia (Soviet Union) and the shift from bourgeois democracy to the so called economic democracy which was understood as a combination of Western democracy with socialist economic planning. Our theoretical analysis of the proposed economic-political system shows that the failure of the post-war system was caused by the inherent features of the socialist-democratic system.

KEYWORDS: Democracy, Socialism, Economic Democracy, Czechoslovakia, Post-war Order

INTRODUCTION

The Munich crisis and the World War 2 which followed had not only the direct impact on Czechoslovakia, like territorial losses, material losses, human deprivation, etc. In our paper, we are focusing on “indirect” consequences of these tragic events – the changes in politico-economic thought. In our opinion, there can be followed a link between the identified causes of the Munich agreement with subsequent war and the proposals of post-war order. These proposals contained new international orientation, minor changes in political system and the shift toward economic planning in the economic sphere. The shift toward socialism can be understood as a crucial issue when considering the onset of communist regime and over 40 years of communist era.

Contemporary literature offers a wide variety of such suggestions, ranging from strictly academic work through to popular texts and on to pure propaganda. The records from the meetings of the government in exile as well as the

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Czechoslovak State Council are also available. Due to the limited space, the aim of this paper is to outline the atmosphere of the period rather than to provide a detailed description and analysis of the economic thinking. There is a number of proposals by leading politicians of the time (predominantly from those in exile in London) to choose from, as well as economists and even journalists or philosophers who influenced public opinion. Even though it will be shown that the intellectual atmosphere, especially in exile in London, was homogenised to a certain extent, it is also essential to draw attention to the exceptions and to compare specific ideas with the “anti-Beneš” opposition. However, in our opinion, if we want to understand the crucial events on the road from democracy to communism, we have to start with the changes in the intellectual environment. So in terms of setting some specific research question, we would like to analyse the intellectual basis of the visions and proposals of the post-war order. Our approach is quite different from classical historical description. Unlike other authors who are writing about the aforementioned period, we propose more abstract understanding. Since we claim that “ideas matter”, we propose to analyse the intellectual background of the post-war order proposals. This abstract approach can explain the institutional compatibility of the proposed order and thus it has much to say to the debate about when exactly the road to communist regime started. To be more precise, we feel that it is *necessary* to include an economic context. This enables us to acquire a more complex view of the institutional order than if we only include the political context in our analysis. Why is that important? The reason for including the economic context in the analysis lies in the fact that political order and economic order are interdependent. We can then say, for example, when democracy could work effectively and under which conditions it could not work at all. In other words, economics can provide us the means for the understanding and the interpretation of institutional change between 1945–1948. Then we cannot agree, for example, with Michal Pehr (2011b, p. 437) who claimed that we are still quite helpless when interpreting the aforementioned period. Elsewhere, he concluded that we have to focus only on the political and geographical context when considering the history of post-war Czechoslovakia (Pehr, 2011a, p. 18).⁴ There are then various interpretations of the

⁴ There are many other interpretations of the development of post-war Czechoslovakia, but most of them are stressing political causes of the fall of the post-war democracy. Even authors like Christiane Brenner (2015) and Bradley Abrams (2005), who focused on the theoretical discussions about the possibilities of post-war order, were not able to leave political perspective and made any conclusion from the theoretical discussion itself. Martin Myant (2008, p. 4) did not question the institutional compatibility of democratic “distinct model of socialism” and concluded that Czechoslovak socialism was viable thanks to the wide consensus about the necessity of nationalization and economic planning. We really appreciated Jan Kuklík’s (1998) on London exile in the juristic perspective. He did not offer the economic approach to the study

fall of post-war democracy and the onset of the communist regime: for example the unpreparedness of the democratic elites, the physical and mental weakness of President Edvard Beneš and the aggressive politics of the Communist Party, etc. It is important to mention that we are not of the opinion that, for example, the political interpretations of the onset of communist regime are necessarily wrong, but our abstract approach can provide much more complex understanding of that period. We understand political development of the post-war period as the strengthening factor of the tendency toward some kind of authoritative regime.

1 THE CAUSES OF WAR

“The main idea of any post-war establishment has to be the realisation that there cannot be and will not be a third world war” (Beneš, 1946a, p. 221). This view of Edvard Beneš influenced his perception of the “new order”, which should have been formed after the war. Before we outline any suggested reforms, it is crucial to understand how Edvard Beneš and other authors, especially those from the London exile who came up with propositions concerning the reorganisation of society, interpreted the causes of the Second World War as well as the Munich crisis.

There is a noticeable disappointment in liberalism, as well as in capitalism in general, with regard to the identified causes of the war. For example, Vojta Beneš, president Beneš’ brother, expressed an immensely critical and radical view on liberalism. From his perspective, liberalism was claimed as a biological issue - life is struggle and its only measure is profit.⁵ Consequently, he diverted his attention to the roots of the First World War. He did not doubt that liberalism was to blame for everything. “The beast in man, chained by gold and fed by the philosophy of liberalism for one hundred years, broke the chains [...] for the lies and idols of liberalism” (Beneš, 1938, p. 71).⁶ Vojta Beneš also did not hesitate of the post-war Czechoslovakia, but he realized that in the available literature, there are only political approaches with some negative consequences, for example nationalistic argumentation and missing interpretations.

⁵ In 1933, Beneš (1938, p. 60) wrote: “For life it is necessary to have measure. Without measure we cannot measure either mountains or the abysses. Without measure the fullness of the life cannot be appreciated. This world which made fighting a purpose of its aspirations has also found the universal measure for everything. Gold! The gold, material, profit and narrow-mindedness became a criterion for the life struggle of liberalism.”

⁶ An interesting comparison with George David Herron is offered here. Herron was an advisor to President Wilson, who was highly appreciated by Vojta Beneš for his democratic approach and mainly for the idea of the preservation of the world for democracy. Herron and Vojta Beneš perceived capitalism and competition biologically. “Capitalism is but the survival of the animal; the survival of the predatory world of the jungle. Our present industrial world is due to the fact that we have not yet become human; that we are still beasts of prey, fighting with each other for our

to state that the great economic crisis was the result of the selfish interests of a few people educated by liberalism. Vojta Beneš even continued to propagate the idea of the failure of liberalism in 1938 when discussing the fall of European democratic regimes. He therefore also concentrated on the causes of the nascent Second World War. "Democratic regimes which were created by the world war had the most beautiful, but simultaneously the most dreadful of gifts placed in their cradle: freedom and a desire for gold. They failed when they used their freedom to fight for gold and not for spiritual and creative work", Beneš (1938, p. 155) concluded. It is necessary to mention that Vojta Beneš' study is not based on any diligent research into economic theory. The approach of František Munk, who was a professor at the State University of California in San Francisco during the Second World War, seems to be more realistic from the point of view of both economic theory and reality. Furthermore, the Minister of Finance in exile, Karel Ladislav Feierabend, wanted Munk to become an Economic Adviser to the Czechoslovak Government. Munk (1929, p. 86) claimed as early as in 1929 that there was scarcely going to be anybody who would call the contemporary economic order free competition. He was well aware of the lack of economic processes which would happen without governmental interference. "All the utterances about self-salvation of so-called free trade are only memories of the circumstances which existed in the past. They are the disappearing echo of the voices of generations long lost. Nowadays, liberalism of this kind is not even defended by true liberals." In contrast to Vojta Beneš, he did not consider the crisis and the start of the Second World War to be a crisis of liberalism. On the other hand, he stated that the fall of liberalism is a right and necessary development. The same could even be said about Ferdinand Peroutka, a prominent Czechoslovak journalist and political commentator. He maintained that classical liberalism after the First World War had completely lost its power and that it no longer meant *laissez-faire*. He began to perceive liberalism by means of a modern and socialist concept as it was understood, for example, by Leonard Trelawny Hobhouse.⁷ That does not mean that he was not critical towards capitalism. He did not doubt the failure of capitalism when interpreting the Great Depression. "Capitalism stood in front of the world as a sinner", Peroutka wrote. "There cannot have been any uncertainty that capitalism had prepared this crisis because there were no

bread" (Herron, 1904, p. 29). Finally, even Wilson expressed himself in the sense that "No one now advocates the old *laissez-faire* [...]" (Quoted in Sklar, 1972, p. 20).

⁷ Besides this, Peroutka also said about liberalism: "Liberalism seeks law, not contingency; organization, not jungle; social control, not *laissez-faire*. Modern freedom is a complicated thing for all mankind, it cannot care only about the freedom of the upper crust" (Znoj and Havránek Sekera, 1995, p. 414). Hobhouse (1914, p. 80) expressed it similarly. "We found out again there is a necessity to exceed the sphere of the social control to keep the individual freedom and equality."

other real leaders of the economies” (Peroutka, 1947, pp. 117-118). On the other hand, the fact that this was a crisis of capitalism was refused by the Minister of Justice in exile, Jaroslav Stránský. He claimed that: “[...] whoever says it was a war of capitalistic states about profit probably sees the world through the glasses of meaningless phrases [...]”⁸ Jan Šrámek, Prime Minister in exile, designated it as German propaganda. (Šrámek, 1945, p. 54)

The work of Edvard Beneš himself depicts a combination of economic and political factors. One of the many reasons for the war was the idea of the irreparable and aggressive Pan-Germanism rooted in the German *nature*. A similar idea was also stated by František Uhlíř (1944), a member of the National Council. “Hitler’s Pan-Germanism is a monster [...]. Moreover, it is barbaric and cynical. It not only constitutes imperialist political theory; it is the organisation of the collective criminality of one nation against others”, wrote Beneš (1946a, p. 47) on Pan-Germanism. It is important to mention the inability of the Western powers to face the aforementioned German aggression as one of the political causes. Criticism was mainly aimed at France. France was also condemned by the socialist Rudolf Bechyně amongst others. “England did not want to fight and it probably could not even have fought. On the other hand, France told us: Our contract with you is not valid, if you dare to unsheathe. The leading functionary at the council of French teachers claimed: Rather slavery than war! [...] This freedom of defeatism was a horrible sign for us”, commented Bechyně (1948, p. 61) on the onset of the war.⁹ In order to ascertain Beneš’ opinion on the Munich crisis, we need to move back slightly and look at his work immediately after the First World War. From his perspective, a close relationship between the West and the Soviet Union was vital for maintaining European and World peace. Concessions would have to be made on both sides so that this partnership could work. Meanwhile Beneš would demand that the Soviet Union applied changes in the political sphere in order to approach the political freedom of Western Europe. By contrast, the West should have turned to economic and social reforms which

⁸ (Stránský, 1946, p. 41) On the other hand, he encountered the crisis of democracy to the obstacles caused by the economic crisis. He claimed that even before the First World War it had been proper for world economics to be lead through a “predictable plan” to prevent anarchy and crisis. Although there was clear criticism of market economics, he saw that governments had their role in the deterioration of the situation. Instead of free trade and the free movement of people, the states began to close down and tried to be independent and regulate their economics to the extent which would make the economic situation even worse. (*Ibid.*, pp. 151–152).

⁹ See also (Beneš, 1946c, pp. 46–63, pp. 95–100), (Beneš, 1947, pp. 21–45). Even Peroutka (1947, p. 8) was very critical towards France. He wrote, that: “The deterioration of France transformed the political history of Europe. France which tended to still call itself a world power would nervously ask to be negotiated with. It would say all the strict things which are usually said by an individual who thinks that he is losing his strength.”

would have brought it closer to the economic system of the Soviet Union. He expected such immense concessions in the name of social justice.¹⁰ In Beneš' opinion, many democracies in the successor states were not prepared for this socialization. Mainly, the bourgeoisie had reached a compromise with another type of authoritarian system – with fascism. In Beneš' words: "In those days, the bourgeoisie did not have the courage and the skills to resolve the main social issues more intensely and systematically and it did not intervene resolutely in the economic structure of the modern society in the way which the society of the twentieth century needed." Afterwards he added, "[...] neither social legislation nor social reformism [...] was enough. It is necessary to reach deeper into the structural measures i.e. collectivizing and socializing" (Beneš, 1946a, p. 244–245). Before we focus on the economic changes which are of fundamental importance in Beneš' opinion, it is important to note the importance of the economic and political causes of the war. Although Beneš stated that even the political system suffered certain drawbacks, his criticism did not concern the nature of democracy itself. Meanwhile it was the economy which was supposed to have been changed significantly.¹¹

2 THE PROPOSAL OF THE POST-WAR ORDER

Even though it has been shown that not everyone blamed the market economy and capitalism for causing the war, the suggestions of the post-war establishment were considerably harsher towards the markets and capitalism.¹² Such an approach came from the fact that interventionism had become standard economic policy

¹⁰ (Beneš, 1947, pp. 13–14) This idea was repeated in the *Čechoslovák* journal by Šrámek while he was trying to depict the post-war development. He came to the conclusion that it would be finally necessary: "For European liberal democracy as we knew it to allow the compromise in the field of economic liberalism hence a new socialist doctrine continued in its compromise towards political liberalism" (Šrámek, 1945, p. 64).

¹¹ Criticism of democracy concerned for instance the nature of party membership - this was an issue which Beneš dealt with in a long-term perspective. See Beneš (1920). The problems of democracy, which were also linked to the inability to solve economic difficulties, were even mentioned by Stránský or Šrámek in their radio speeches. Refer to (Stránský, 1946, pp.130–155), (Šrámek, 1945, p. 45).

¹² However, it is possible to find few exceptions even here. For example, a relatively positive approach to capitalism was stated by Štefan Osuský, one of the most important representatives of the anti-Beneš opposition. See (Osuský, 1951). An attitude which was even more open-minded is clearly noticeable in the work of Antonín Basch, a Czechoslovak economist. He submitted his alternative vision of the post-war organization, which was predominantly grounded in the free trade, as early as 1945. See (Basch, 1945). His consistently liberal perception regarding the solution of post-war issues can be influenced to a certain point by the fact that he not only studied the works of Karel Příbram, but was also a student of Ludwig von Mises (Jindrová, 2011, p. 147).

between the wars and the role of the state in the economic sphere was rising. The attempt to solve urgent social problems had been unsuccessful. However, it was still capitalism which was seen to be problematic by many despite this crucial increase in state interference.¹³ The post-war suggestions for the organization of the state were influenced by these interpretations. “Generally [...] it is understood that the Second World War will bring immense social, political and economic changes [...] There will not only be political revolutions, but also deep social and economic changes” (Beneš, 1946a, p. 244).

As has been mentioned, Beneš’ changes were mainly aimed at the economic sphere. A vitally important issue discussed by Beneš was the possible cooperation of Western democracies and Soviet socialism. While he completely rejected the possibility of the partnership of democracy and all types of fascism, he came to the conclusion that the wartime experience had proved that cooperation between the Western democracies and the Soviet Union was not only possible, but even desirable. (Beneš, 1946a, pp. 247–250). The undeniable alliance between the West and the East was not only characteristic for Beneš. For instance, Hubert Ripka believed that the approximation of the Soviet Union and the West had already been achieved and not only in the field of technology¹⁴ and political development.¹⁵ Moreover, Stránský assumed that the Soviet Union had a tendency towards democracy. In addition, he thought that the proclaimed right to vote was real in contrast with the fascist regimes (Stránský, 1946, pp. 172–173). Peroutka’s opinion was quite similar. His ideas were based on a perception of the post-war

¹³ Tomáš Nikodym has pursued this problem in more detail in other place. See (Nikodym, 2014a, pp.79–94).

¹⁴ A rather critical approach in this respect was expressed, for instance, by Prokop Drtina. In his memoirs based on his personal experiences of the Soviet Union, he wrote that there were still significant differences between the East and the West despite all the official proclamations. He even pointed to the disillusionment of the Czechoslovak communists themselves as to the fact that the Soviet Union was not the paradise which it was claimed to be. See (Drtina, 1991, pp. 628–643). Even Feierabend concluded the same differences regarding East and West after he visited the United States where he saw the efficiency of the capitalistic system, which was more effective than the Soviet state system (Feierabend, 1996, p. 36). He even expressed a similar opinion at the government meeting where he presented a paper about his journey. Although the effective economy was praised there, criticism of the American and capitalist mentality could also be heard. “It is a country without ideology [...] I would not want to live there [...] The most important things are money and technology which is reflected in everything [...] All they care about is money.” Quoted in (Němček (ed.), 2012, p. 437).

¹⁵ As for Ripka, it is evident that he had adopted the socialist definition of freedom and he later focused his attention on equality and equality of rights. On the basis of this rather crooked foundation, he came to the conclusion that “[...] the idea of equality is common for democracy as well as for Bolshevism. It is a point where they meet in the terms of ideology. In addition, this is the deepest ideological reason why there would be the possibility to develop effective practical co-operation between Bolshevism and democracy” (Ripka, 1944, p. 18).

development which had led him to the conclusion that, for instance, socialists had formed the government in Great Britain, so that there was no difference between the West and the East. "We can recognize a leftist East as well as the West and a leftist centre between them. How could we expect that the leftism which happened here would go away given the circumstances?" (Peroutka, 1947, p. 20). As for the alliance with the Soviets, we should not forget that the Soviet Union was then perceived as the safety pillar for the Central European region against aggressive Pan-Germanism. From this point of view, the role of the Soviet-Czechoslovak agreement from 1943 was crucial.¹⁶ This is mainly visible in the work of Edvard Beneš, who understood the signing of the treaty as a continuation of the Anglo-Soviet pact of 1942. It was therefore confirmation of the alliance between the East and the West. The Soviet Union was supposed to finally prevent the German *Drang nach Osten* policy, Prussian imperialism and the policy of expansionary capitalists and Pan-Germanic Nazis.¹⁷ Discussions about the post-war establishment of collaboration with the Soviet Union were even held at a governmental level. The necessity of the alliance was emphasised, for instance, in the response to the questionnaire from the British Ministry of Trade about the post-war organization (Němeček (ed.), 2012, pp. 98–102). Prime Minister Šrámek or Ministers Ripka and Feierabend were in favour of the extension of the alliance (Němeček (ed.), 2012, pp. 267–279; Šrámek, 1945, p. 62). Minister Ingr made a very clear statement: "It is said that we were not going to lean on either the West or the East, but I thought we wanted to lean on the East" (Němeček (ed.), 2013, pp. 24–48). A similar point of view was even later confirmed by the official government statement which was issued due to the signing of the Czechoslovak-Soviet agreement. The government relied on its collaboration with the Soviet Union with regard to the security and independence of post-war Czechoslovakia.¹⁸

¹⁶ The text of the contract is available, for example, in the book by Eduard Táborský, the secretary of the President. (Táborský, 1946, pp. 187–188).

¹⁷ (Beneš, 1946c, pp. 223–230); (Beneš, 1947, pp. 335–366, pp. 379–391). An essentially identical idea was expressed, for example, by Ripka, who believed that an alliance with the Soviet Union would not prevent cooperation with the West, provided the Western states did not act in an anti-Soviet way. "The enemy of our friend cannot be both a good and reliable friend of ours" (Ripka, 1945, p.85).

¹⁸ (Němeček (ed.), 2013, pp. 224–226). Nowadays the record of an interview of Minister Slávik with Polish Minister Kot appears to be almost prophetic. "The aim of the Soviets is to have the hands free for mastery over Europe; they want to change the social order [...] The Foreign Office and even you are mistaken, if you think that the Soviets are going to comply whatever they guarantee and promise today [...] You have left us - that is a pity. We could only have been saved in the Federation" (Němeček (ed.), 2012, pp. 282–284). The most important representatives of the anti-Beneš opposition Milan Hožba and Štefan Osuský imagined rather closer cooperation with Poland. See (Kuklík and Němeček (ed.), 2004, p. 42, pp. 158–160, pp. 200 –205). The Polish approach

Beneš' concept did not only stop with the wider collaboration between the Western democracies and the Soviet Union, but it also continued with a query as to whether it was possible to implement socialistic economic principles in the democratic system. "Again, I have to reply that it is possible", stated Beneš (1946a, p. 256). In his opinion, classical liberalism and capitalism were seen to have been outlived by democracies and in this respect there was supposed to be an agreement with Soviet socialism. The query which remained involved the way in which the socialization of the economic sphere could be processed, because opinions differed even in the Czechoslovak environment. The fact that there were different ideas about the organization of the post-war system does not mean that there was a "liberal opposition" in the economic sense. Emphasis was mainly placed on political opposition where Beneš imagined, for example, that Feierabend was on the conservative right.¹⁹ If we study the opposition's economic ideas, there was never any doubt about the need for socialization and the enlargement of state intervention. In our opinion, the possible cause of the future journey towards an authoritarian State can be found in this purely political perception of the opposition; there was almost no uncertainty about socialism and the role of the state in the economy.²⁰ What should the post-war system look like then?

As a true democrat, Beneš obviously refused the Marxist concept of the dictatorship of the proletariat. To his mind, socialism should have been applied "evolutionarily", i.e. gradually. The war itself should have meant that there was to be a settlement between the poor and the rich due to the material destruction. This should not have been enough. Beneš correctly realized that the economies of the fighting states were mainly set up to wage war. It can be claimed that the collectivization of private property came about through the economic

to the Soviet Union is clear from the statement of General Sikorski, when Beneš reassured him in January 1941 that the Soviets would most definitely participate in the war, hence it would be appropriate for Poland and even Czechoslovakia to adjust their policy and plans. In response to this Sikorski replied: "What you were saying would be a catastrophe for all of us" Quoted in (Beneš, 1947, p. 226). Concerns about the alliance with the Soviet Union were even expressed by Keynes. He warned Feierabend, that "the Soviet commitment that they would not interfere in our internal affairs did not mean that they guaranteed democracy" (Feierabend, 1996, p. 97).

¹⁹ (Kuklík and Němčėček (ed.), 2004, p. 196–197); (Feierabend, 1996, pp. 120–126). Jiří Hejda, former Chief Director ČKD Machinery, was also considered to be a "capitalist" (Hejda, 1991, pp. 248–253).

²⁰ Few exceptions can be found of course. Real opposition in the economic sense did not have decision-making powers and did not participate in building the post-war economic and political system. Antonín Basch has been mentioned above. Possible problems with the socialist economic order were pointed out by "Engliš's supporter" Miloš Horna. He claimed, for instance, that the restriction of private enterprise leads to the limitation of economic development in the end. See (Horna, 1946, pp. 10–11).

perception of property.²¹ On the other hand, he did not admit the possibility of the restoration of the market and the return of property to its original owners (Beneš, 1946a, pp. 267–270). Practically the same things was stated by the “member of the opposition”, Feierabend. He emphasized “that it is not possible to move the ‘clock of economic life’ backwards [...] The London government claimed that the transfer of property dictated during the occupation was invalid; but that did not mean the former owners would have to get their property back.”²² Hejda expressed the idea that total planning was dubious, because it was simply impossible. However, he also emphasized his negative approach to laissez-faire. He himself suggested the nationalization of businesses using the means of stock companies with a state majority shareholding which was by nature purely the restoration of his suggestion from the 1930s (Hejda, 1991, pp. 253–263; Hejda, 1930). While Hejda actively participated in the application of the two-year plan, Feierabend confirmed that he also supported planning and he still believed that it was possible without bureaucratic interference and with the preservation of a free field for business activity (Feiereabend, 1996, pp. 209–2100. Masaryk also agreed with this notion. “I agree with Feiereabend. No matter what happens, economic planning is necessary [...]” (Němeček (ed.), 2012, p. 117). The reconciliation of Protestantism and Marxism is also worth mentioning. This event is connected with the personality of Josef Lukl Hromádka. He practically confirmed the state of the post-war thinking. He claimed that, if the background of the Czechoslovak social program was properly analysed, it would show that the Communists were the leading power, but that their social principles had been adopted by all the other parties. “Not socialization as simply an ideological doctrine, but the socialization which is necessary due to individual initiative in economic life is not capable of handling the dreadful issues of our social and economic activities” (Hromádka, 1946, p. 25).

Socialization and regulation should have concerned more areas of economics. This was realized, for example, by Peroutka who claimed that socialization would

²¹ In economics, possession is understood the mean the final management of resources. The only the person who has the final right to decide about property is the real owner. Economics does not respect the legal fiction that can talk, for example, about the "property of the people". It was always a particular person who had the final decision-making right about the property, hence that person was the owner (see Rothbard, 2009, p. 1277). Exactly the same claimed few years ago by Mises. See (Mises, 1998, pp. 678–680). Peter Boettke concluded the consequences for the economic systems. He states that the socialist states had never abolished private property because it simply cannot be done. Therefore, if private property was not abolished, the socialist states cannot be considered to be non-market states, but intensively regulating states. (Boettke, 200, p. 177).

²² (Feiereabend, 1996, pp. 20–21) In the same place, Feiereabend also highlighted the subsequent discussion in which the former CEO of the Vítkovice Ironworks, Oskar Federer, warned against extensive nationalization, because it is said to be easy to determine where to start, but difficult to say where it has to end. “I often remembered his words in the following years”, admitted Feiereabend.

not be prevented even by the eventual defeat of the communists in the elections, because it was the result of many historical, international or economic influences (Peroutka, 1947, pp. 78–79). In this context, Beneš indicated that in the area of the regulation of finances, for instance, it would be fundamental to take inspiration from the Soviet Union or other totalitarian states, so that money would no longer serve profit without work, which was a strictly socialistic understanding of money itself. He mainly quoted Keynes and his demand for the abandonment of the gold standard.²³ “The currency would no longer be based on gold, but, as has been said, on the work of individuals together with the authority of the state. The state would reward work in terms of money and it would financially support it.”, is how Beneš (1946a, pp. 270–271) summarized his thoughts. The employment of people and their evaluation should have been undertaken only by the state via a planned economy. Any problems with unemployment should have been eradicated in the system of the planned economy. According to Beneš, unemployment was perceived as a traditional problem of the capitalist period of democratic states. “It would involve a major transformation of contemporary society with the whole system of the legal superstructure where consistently applied principles on the right to work and the duty to work would be implemented.” Beneš wrote.²⁴ The state was to further decide on the ratio of the workforce in industry, agriculture and other sectors of the economy. In reality, it would lead to the definite subordination of the individual to the central planner. Furthermore, we can mention Jan Masaryk in connection with the right to work and work duties. He claimed that one of the first requirements in the independent Czechoslovakia would have to be the complete restoration of the freedom to work. “Everybody had to be given an opportunity to choose their work [...]”, is how Masaryk (2000, p. 126) began his idea. Actually, this was not the classical liberal understanding of the voluntary contract between the employee and the employer, because Masaryk developed his statement in the way that, if a human was suitable for a particular job, “[...] the person had to be enabled to fully develop his or her skills.” This predicament defined the right as a claim which

²³ It is known Keynes called the gold standard a barbarous relic (Bordo and Schwartz, 1984, p. 79). As for the inspiration of the Soviets and totalitarian states, it is possible to reference Keynes as well as in terms of the gold standard. Even Keynes realized that the application of his economic system was much easier to apply in totalitarian states. He even admitted it in the preamble to the German translation of the *General Theory* (Skousen (ed.), 1992, p. 115).

²⁴ (Beneš, 1946a, p. 272). The duty to work can become a genuine cure to unemployment, but it also means that there will be total submission of an individual to the central plan. Not even the definition of the right to work is completely without problems. As Richard Pipes reminds us, the definition of a “right to” gives people access to the property of others, usually via the state. Meanwhile the duty to work is a clear restriction of personal freedom at first sight, but the restriction is not so obvious in terms of the right to work See (Pipes, 1999, pp. 236–248).

could ultimately be contrary to the individual rights of the other members of society. Not even this prevented the proponents of the combination of democracy and socialism from continuously talking about freedom. Finally, even Beneš (1946a, pp. 252–253) declared that he was still an advocate of individualism, but this did not prevent him from asserting socialization in the interests of the welfare and the highest possible degree of the freedom of the individual.

This declaration can be observed from different points of view. Firstly, it was only democracy which was identified with freedom. This was brilliantly grasped by Peroutka, for example. “We admit to being one of those who do not wish to lose democracy due to socialism, since democracy is another word for freedom [...] It is important to connect socialism with freedom” (Peroutka, 1947, p. 112). Similar ideas were suggested by Bechyně to whom it was crucial that Czechoslovak socialism should adopt democratic principles. In contrast to Peroutka, who was sceptical towards Marxist dogma, Bechyně spoke primarily about the connection of the Marxist principles of the class struggle with the Masaryk’s humanitarian democracy (Bechyně, 1947, p. 53). To Beneš (1946a, p. 296), democracy was not only the antithesis of anarchy, but also totalitarianism with the suppression of individual freedoms. Therefore, in Beneš’ case democracy was only connected with the political sphere, because he asserted the combination of democracy and socialism so that individual freedom would remain individual freedom. Due to this strategy, the remark of Táborský, who claimed that politics was all what mattered to Beneš, was rather accurate (Táborský, 1993, p. 490). This is the possible core of the problem.²⁵ An immense focus on politics leads to ignorance of the importance of economic freedom. We do not have to perceive it as something complicated. It is simply a person’s everyday decision-making as to what he or she will or will not buy, where he or she will or will not work and about his or her preference of A over B. The necessary precondition for this process is the existence of private property.²⁶ For instance, Karel Engliš warned against a possible problem stemming from the ignorance of economic freedom in

²⁵ This was clearly even realized to a certain extent by Jaroslav Stránský. He claimed, that: “Liberalism, individualism, internationalism, universalism, ruralism, industrialism, capitalism, regionalism, etatism – this is essentially paper not life. Of all malignant “isms” the most damage has been caused by the one which we could call politicism, the overestimation of politics and the underestimation of the apolitical resources of life [...]” (Stránský, 1946, p. 25).

²⁶ The restriction of free enterprise as well as private property can be directly related to socialism. That is denoted from the definition of socialism as it was introduced by Jesús Huerta de Soto. This is based on the idea that the adoption of interventionist policies causes interference of social coordination similarly to that in socialism. In addition, the same deduction, but only in slower manner, led Huerta de Soto (1995, p. 240) to conclusion that: “[...] socialism is all systematic and institutionalized aggression that restricts the free performance of entrepreneurship in a determined social area and that is carried out by a controlling organism which is in charge of the tasks of social co-ordination necessary in said area.”

the post-war period. In addition, Engliš also expressed similar ideas to Friedrich August von Hayek in April 1947, who suggested that freedom was basically inseparable and that there was no political freedom without economic freedom. “Where economic liberalism is knocked down, authoritative planning extends to the political sphere [...] The state which controls the economy wants to control the thoughts of the whole nation to secure its planned economic system”, Engliš explained.²⁷ Basically the same was claimed by Hayek. He warned against the application of economic planning by democratic states due to the fact that they would sooner or later have to decide whether to adopt dictatorship powers or to give up the planning (Hayek, 1976, p. 135). It is necessary to state that even Beneš warned in July 1946 against the deification of the state and its bodies, because the state and society cannot be the absolute master of the individual (Beneš, 1946b, p. 23). However, Engliš directly responded to Beneš’ thesis: “Nevertheless, President Edvard Beneš is undoubtedly in favour of socialization and economic planning” (Vencovský, 1993, pp. 127–128).

Ignorance of economic freedom in the classic liberal sense could lead to the adoption of a socialist understanding of freedom. It was inferred from the example of Ripka who exchanged equality with the equality of rights which could be a significantly inconsistent attitude. If equality is guaranteed in the economic or social sense, there would have to be an uneven position for those individuals when the property of one is redistributed to the other. Or if one is commanded to employ the other against his will etc. The Italian lawyer, Bruno Leoni, warned that other freedoms such as liberation from economic anxieties or equality of income, for instance, are necessarily in conflict with the classic perception of freedom as an absence of coercion (Leoni, 1972, p. 4). As for the socialist understanding of freedom, it is possible to use Hayek’s thesis that it constitutes the overthrow of the “despotism of physical needs” (Hayek, 1976, pp. 25–26). The socialist perception of freedom was further clarified by the utopian Charles Fourier, who regarded thoughtlessness as a basic natural right (Nikodym, 2014b, pp. 16–30); (Hayek, 1976, pp. 24–31). Even in the Czechoslovak environment, socialism was understood as a means of securing a higher standard of living than existed under capitalism. For instance, Peroutka understood socialism to mean the expansion of democracy into the economic sphere. “A human who is already free in politics is not going to be completely calm until he or she has full civic values and freedoms, including the workplace [...] The idea that one human should serve another has immense power” (Peroutka, 1947, pp. 25–26).

²⁷ Quoted in (Vencovský, 1993, p. 125). The query as to whether it was possible to preserve the liberties, which were mentioned by Engliš, was also asked by the aforementioned Hromádka. In contrast to Engliš, he theorized that it was more than possible in the Czechoslovakia (Hromádka, 1946, pp. 26–27).

Socialism should not only be economically more effective, but it should also free a labourer from the employer–employee relationship, which from the socialist perspective was involuntarily based on physical needs such as food, clothing etc. This approach opens the door for any state interference imaginable. The ignorance of economic freedom and the orientation towards freedom in politics is especially typical for Beneš. However, Stránský understood the socialistic concept and realized its possible consequences. “Democracy invites us to a contest of ideas and to an ideological fight [...] The response of the dictatorship to all of this is that political freedom is not necessary for the mob: if a person is to be truly politically free, he or she mainly has to be freed from poverty [...]” (Stránský, 1946, p. 168). Hereafter, like Beneš, he came to the conclusion that the Soviet dictatorship was heading towards future democratic development.

3 FINAL REMARKS

It is apparent that the intellectual atmosphere has only rarely been more influenced by socialism. This predominantly applies to political sphere and the “intellectual elite” where practically no doubts about the necessity of socialism existed. It was also suggested that the experts and economists were those who had the most severe misgivings about socialism. Meanwhile, there was a discussion about the economic rationality of the socialism taking place after the First World War. Therefore, there was an issue as to whether socialism could be implemented. In addition, there was also a discussion about the specific forms of socialism. However, such discussions did not mean that the debate concerning the rationality of socialism would be over. Furthermore, this debate did not conclude in favour of socialism. Moreover, there was an almost omniscient hope for the change which was promised by socialism. The influence of Keynes was also strongly apparent in the argumentation of the Czechoslovak representatives who rather supported the British suggestion of a clearing union in the post-war monetary system than the perspective of the United States to the post-war establishment.

Following the intellectual atmosphere, it is even possible to observe real economic-political development. In retrospect, it is possible to agree more with Engliš who described the possible consequences of the economic planning using Hayek’s approach. Engliš was one of the few who realized that economic freedom is inseparable and that abandoning the principles of freedom in the economic sphere would also result in the loss of political freedom. To conclude, it is appropriate to repeatedly quote Peroutka when he summarized the post-war development in 1948 thus: “The fruit of freedom which the London government

offered was wormy. London exile stood with the winners against Hitler, but on the other hand, they lost almost everything. They claimed they were bringing freedom, but they just brought almost perfect communist revolution” (Peroutka, 1993, p. 15).

CONCLUSION

The paper focused on the consequences of the Munich agreement in Czechoslovakia. It offered a new perspective how to understand the consequences of the Munich crisis and the subsequent war since it did not focus on the changes of the “real” economic and political system, but on the changes in economic-political thought. Using theoretical approach, we were able to analyse “long-term” consequences caused by the change of the post-Munich thought, not only the direct impact of Munich agreement. At first, the paper described the historical opinions on the causes of Munich crisis and subsequent war which were, of course, the basis for the future proposal of the post-war system. The causes of the crisis can be summarized as follows: the betrayal of the Western European countries, especially France and Great Britain; the failure of the *bourgeois* democracy which was not able to reflect the need of socially just society; and, of course, the natural aggressiveness of German capitalism and imperialism. After the WWII when considering the “new order”, it supposed to prevent all aforementioned issues. Then the proposal contained new international orientation (towards Soviet Union) and the preservation of democracy in politics together with the transition of capitalism to the so called economic democracy which was in fact understood as socialist economic planning. This was, according to our analysis, the crucial moment when considering the beginning of the road to socialism. The reason is that according to economic theory, there are predictable consequences of the combination of democracy and socialism. The theoretical analysis shows that these systems are incompatible on the institutional basis. And since no one could really imagine the post-war order without socialism, it led us to the conclusion that the onset of some kind of authoritative regime was just the matter of time. Of course, the tendency toward authoritative regime was even strengthened by the political development between the years 1945–1948.

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